

# SENATE BILL REPORT

## HB 2772

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As Reported by Senate Committee On:  
Government Operations & Security, February 22, 2016

**Title:** An act relating to job order contracts by public hospital districts.

**Brief Description:** Concerning job order contracts by public hospital districts.

**Sponsors:** Representatives Johnson and Bergquist.

**Brief History:** Passed House: 2/11/16, 97-0.

**Committee Activity:** Government Operations & Security: 2/22/16, 2/22/16 [DP].

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

**Majority Report:** Do pass.

Signed by Senators Roach, Chair; Pearson, Vice Chair; Habib, McCoy and Takko.

**Staff:** Karen Epps (786-7424)

**Background:** Public Hospital Districts. Public Hospital Districts (Districts) are local government entities that may be created to provide health care facilities and services. Since 1945, when they were authorized in state law, more than 50 Districts have been created in Washington. A District may be county-wide or include areas from one or more counties within its boundaries. Each District is governed by a board of elected commissioners. Districts have statutory authority commonly granted to local government entities, including authority to acquire property by eminent domain, adopt a budget, enter into contracts, and employ and manage personnel. To finance operations, Districts may levy property taxes, issue bonds, and charge user fees.

Job Order Contracting. A job order contract allows public entities to contract for small public works projects to repair and renovate public facilities without all the bidding requirements of most public works projects. Under a job order contract, a contractor agrees to perform an indefinite quantity of public works jobs, defined by individual work orders, over a fixed period of time. A determination must be made that the use of job order contracts will benefit the public by providing an effective means of reducing the total lead time and cost for the project. A public entity may not have more than two job order contracts in effect at any one time, except for the Department of Enterprise Services (DES) which may have six contracts in effect.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

The direct use of job order contracting procedures are authorized to a limited number of public entities:

- DES;
- state universities, regional universities, and The Evergreen State College;
- Sound Transit;
- cities with a population greater than 70,000 and any public authority chartered by such city;
- counties with a population greater than 450,000;
- port districts with total revenues greater than \$15 million per year;
- public utility districts with revenues from energy sales greater than \$23 million per year;
- school districts;
- the state ferry system; and
- the Department of Transportation, for the administration of building improvement, replacement, and renovation projects only.

The maximum total dollar amount that is awarded under a job order contract may not exceed \$4 million per year for a maximum of three years, except for counties with a population of more than 1 million people and DES, which may award up to a maximum of \$6 million per year for a maximum of three years. Individual work orders are limited to no more than \$350,000.

**Summary of Bill:** Public hospital districts with total revenues greater than \$15 million per year are included in the list of entities that can use job order contracting. DES may issue job order contract work-orders for public hospital districts.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: This bill will allow public hospital districts to participate in job order contracting. These contracts have previously required separate bids for very similar types of jobs. This bill also sets up a process for smaller public hospital districts to participate in job order contracting. This procurement system has many major advantages for public hospital districts, including lowering overhead costs, reducing change orders, simplified design documentation, dependable partnerships, and timely project completion. This bill allows DES to do job order contracting on behalf of the small public hospital districts and DES has the capacity and is willing to do it.

**Persons Testifying:** PRO: Representative Johnson, Prime Sponsor; Ty Heim, Evergreen Health; Bob Bourg, DES.

**Persons Signed in to Testify But Not Testifying:** No one.